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Attorneys for American Axle & Manufacturing, Inc.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re

Chapter 11

DELPHI CORPORATION et al ,

Case No 05-4448 1 (RDD)

Debtors

(Jointly Administered)

**REQUEST OF
AMERICAN AXLE & MANUFACTURING, INC. ADEQUATE PROTECTION
AS REQUIRED UNDER PARAGRAPH 18 OF INTERIM FINANCING ORDER**

American Axle & Manufacturing, Inc. ("AAM"), under paragraph 18 of the Interim Order Under 11 U.S.C. §§ 105, 361, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), and 364(e) and Fed.R.Bankr.P. 2002, 4001 and 9014 (I) Authorizing Debtors to Obtain Postpetition Financing, (II) To Utilize Cash Collateral, (III) Granting Adequate Protection to Prepetition Secured Parties and (III) Scheduling Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) ("Interim Financing Order"), requests additional and different adequate protection as described below. In support of its request, AAM states as follows:

1. On October 11, 2005, this Court entered the Interim Financing Order

2. Paragraph 18 of the Interim Financing Order grants AAM, as the holder of a valid, perfected, enforceable, and non-avoidable right to setoff in respect of its prepetition payables, a fourth priority replacement lien that purports to constitute adequate protection of AAM's first priority right of setoff. There is no explanation as to why such a deeply subordinated lien would constitute adequate protection of a current right to deduct amounts Debtors or their affiliates owe AAM or its affiliates from amounts otherwise payable to Debtors by AAM. Paragraph 18 directs AAM and other similar creditors to "request further or different adequate protection under section 361 of the Bankruptcy Code" prior to "entry of the Final Order." Presumably (or at least by negative implication), paragraph 18 of the Interim Financing Order is intended to bar AAM from seeking further or different adequate protection after entry of the Final Order.

3. AAM joined the dozens of similarly situated creditors in objection to paragraph 18 of the Interim Financing Order on the basis that, among other things, paragraph 18 impermissibly subordinates the setoff rights of AAM and other creditors to the claims and liens of different creditors, including creditors whose prepetition rights were junior and subordinate to the rights of AAM and those other similarly situated creditors as of the Petition Date, and does not adequately protect the setoff rights of AAM and the other similarly situated creditors to offset against their respective prepetition payables.

4. AAM believes that this Court will sustain the objections to paragraph 18. Nonetheless, AAM requests that, as adequate protection of its right of setoff as it existed as of the Petition Date against its prepetition payables, AAM be granted the first and senior replacement lien in all amounts which are presently or hereafter owed by AAM or its affiliates to

Debtors or their affiliates during the case, with the replacement lien to be senior to the Carve-Out, the DIP Liens, the Adequate Protection Liens (all as defined in the Interim Financing Order) and any other liens and claims, to secure all of AAM's prepetition claims up to the amount of the prepetition payables owed by AAM or its affiliates to Debtors or their affiliates as of the Petition Date.

5. The foregoing is subject to AAM's reservation of its recoupment rights. That is, all or part of AAM's rights may best be described as recoupment rights (as opposed to setoff rights). To that extent, the contractual obligations of AAM and its affiliates to pay any amount to Debtors and their affiliates is limited to the net amount due, and cannot be affected by the proposed language regarding setoff rights in the Interim Financing Order

Dated: October 26, 2005

BODMAN LLP

By: /s/ Ralph E. McDowell
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